



NORMATIVITY UNDER MARKET PRESSURE: THE JURISPRUDENTIAL LIMITS OF SHARIAH COMPLIANCE IN ISLAMIC FINANCE

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Abstract

Islamic finance has expanded within increasingly competitive global markets, intensifying tensions between Shariah normativity and economic pragmatism. Contemporary practices often prioritize formal compliance, raising concerns about whether legal structures genuinely reflect underlying ethical principles. This study aims to examine the jurisprudential limits of Shariah compliance by analyzing how market pressures influence legal reasoning and the construction of permissible financial practices. A qualitative normative–juridical research design is employed through systematic analysis of 96 legal documents, including fatwas, regulatory frameworks, and international standards across multiple jurisdictions. Analytical matrices and thematic coding are used to identify patterns of normativity, compliance, and market adaptation. The findings reveal that Shariah compliance operates as a dynamic spectrum, where hybrid frameworks dominate by balancing formal legality with market competitiveness. Normative alignment tends to weaken under high market pressure, leading to selective interpretation of jurisprudential principles. Institutional governance plays a critical role in mediating this tension, with centralized systems showing greater resistance to purely market-driven adaptations. The study concludes that Shariah compliance cannot be equated with substantive normativity and must be reconceptualized as a negotiated process shaped by jurisprudential flexibility and economic constraints.

Keywords: Legal Rationality, Market Pressure, Normative–Juridical Analysis



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INTRODUCTION

Contemporary Islamic finance operates within an increasingly competitive and globalized market environment, where financial institutions are required to balance Shariah compliance with economic performance (L. Li et al., 2025; Narayan et al., 2025). The rapid expansion of Islamic financial products has led to sophisticated structuring techniques designed to meet both regulatory expectations and investor demands. This development has intensified scrutiny over whether compliance mechanisms genuinely reflect the normative foundations of Shariah or merely satisfy formal legal requirements. The tension between ethical objectives and market pressures has thus become a defining feature of modern Islamic finance (Hoddy et al., 2025).

The concept of Shariah compliance has traditionally been understood as adherence to established jurisprudential principles derived from classical Islamic law. These principles emphasize the prohibition of *riba*, *gharar*, and unjust enrichment, while promoting fairness, transparency, and social welfare (Basihos, 2025; Munir et al., 2025). Contemporary financial practices, however, often reinterpret these principles within complex contractual frameworks that may obscure their original intent. This evolution raises critical questions about the extent to which compliance remains faithful to its normative roots (Jiang et al., 2024).

Market dynamics have introduced additional layers of complexity by incentivizing innovation and competitiveness among Islamic financial institutions. Financial products are frequently engineered to replicate conventional instruments while maintaining formal Shariah legitimacy (Shahid et al., 2025; Silva et al., 2025). Such practices highlight a potential divergence between legal form and ethical substance, suggesting that compliance may be shaped as much by market imperatives as by jurisprudential reasoning. This context underscores the need to critically examine the limits of Shariah compliance under market pressure (Lin, 2025).

Shariah compliance in contemporary Islamic finance exhibits significant tension between normative integrity and market-driven adaptation. Financial institutions often prioritize product competitiveness and profitability, leading to the development of structures that satisfy formal legal criteria while potentially compromising underlying ethical objectives. This situation raises concerns about the authenticity and legitimacy of compliance practices within the industry (Argyrou et al., 2025; Rojanakit et al., 2025).

Interpretive flexibility within Islamic jurisprudence further complicates the issue by allowing multiple legal opinions on similar financial arrangements. Scholars may differ in their assessment of complex instruments, resulting in varying degrees of permissibility across jurisdictions and institutions. This plurality of interpretations, while rooted in a rich legal tradition, creates uncertainty and challenges efforts toward standardization and coherence (Kostoulas, 2024).

Institutional arrangements also contribute to the problem by shaping how compliance is defined and enforced. Shariah supervisory boards, regulatory authorities, and financial institutions operate with different priorities and incentives (Brekke et al., 2025), leading to fragmented governance structures. The absence of a unified framework for aligning normative principles with market realities highlights the need for a deeper examination of the jurisprudential limits of compliance (Barbier et al., 2025; Barigozzi & Montinari, 2025).

This study aims to critically analyze the extent to which Shariah compliance reflects normative jurisprudential principles in the context of contemporary Islamic finance. The research seeks to identify the points at which market pressures influence legal interpretations and to assess their impact on the integrity of compliance practices. Through this analysis, the study intends to clarify the boundaries between formal legality and substantive ethical adherence (Csereklyei & Kallies, 2024; R. Xiao et al., 2025).

Another objective is to examine the role of institutional and regulatory frameworks in mediating the relationship between normativity and market dynamics (Ishumbaev et al., 2025).

The study investigates how governance structures shape the interpretation and application of Shariah principles, particularly in the development of financial products. This analysis aims to uncover patterns that either reinforce or undermine normative consistency (Pousa-Unanue et al., 2025).

The research further aims to propose a conceptual framework for evaluating the jurisprudential limits of Shariah compliance. This framework seeks to integrate normative reasoning with an understanding of market pressures, providing a more comprehensive approach to assessing legality in Islamic finance. The ultimate goal is to contribute to the development of more ethically grounded and coherent compliance practices (Ahiadu et al., 2025; T. Xiao et al., 2025).

Existing literature on Islamic finance has largely focused on compliance mechanisms, product innovation, and regulatory frameworks, often treating Shariah compliance as a technical or procedural matter. Such approaches tend to overlook the deeper normative dimensions that underpin legal reasoning, limiting the ability to critically assess the ethical implications of financial practices. This gap highlights the need for research that foregrounds the relationship between jurisprudential principles and market realities (Maji & Haloi, 2025).

Studies that address ethical concerns in Islamic finance frequently emphasize the role of *maqāṣid al-Sharī'ah* as a guiding framework. While these contributions provide valuable insights, they often remain at a conceptual level without fully engaging with the operational challenges posed by market pressures. The lack of empirical and analytical integration between normative theory and practical application represents a significant limitation in the literature (Ponthière & Stevens, 2025).

Research on legal pluralism and governance in Islamic finance has identified the diversity of interpretations and institutional arrangements across jurisdictions. However, these studies rarely focus explicitly on the limits of Shariah compliance under competitive market conditions (Bouwmeester & Slaats, 2024; W. Li et al., 2025). The absence of a targeted analysis of how market forces shape legal reasoning leaves an important dimension of the field underexplored.

This study introduces a critical re-examination of Shariah compliance by situating it within the broader context of market pressure and jurisprudential reasoning. The research advances a perspective that views compliance not as a static condition but as a dynamic process influenced by competing normative and economic considerations. This approach offers a departure from conventional models that prioritize formal adherence without interrogating underlying ethical tensions (Krishna & Manoj, 2025).

The novelty of the study lies in its integration of jurisprudential analysis with an examination of market dynamics, enabling a more nuanced understanding of how legal interpretations are shaped in practice (Balarabe, 2025; Feddema et al., 2025). By focusing on the limits of compliance, the research provides new insights into the conditions under which normative principles may be compromised or reinterpreted. This perspective contributes to bridging the gap between legal theory and economic reality.

The justification for this research is grounded in the growing importance of maintaining credibility and ethical integrity within Islamic finance. As the industry continues to expand globally, addressing concerns about the authenticity of Shariah compliance becomes increasingly critical. The study's findings are expected to inform both academic discourse and policy development, supporting efforts to align financial practices more closely with the normative objectives of Islamic law.

RESEARCH METHOD

Research Design

This study employs a qualitative normative–juridical research design to examine the jurisprudential limits of Shariah compliance under conditions of market pressure in Islamic finance. The design integrates doctrinal legal analysis with critical institutional inquiry to capture how normative principles are interpreted, negotiated, and sometimes constrained within competitive financial environments (Ahmed et al., 2025). Normative analysis is used to examine foundational jurisprudential doctrines related to Shariah compliance, including prohibitions, contractual ethics, and principles of justice. Juridical analysis situates these doctrines within contemporary regulatory and institutional frameworks, allowing for a systematic evaluation of how legal reasoning adapts to market demands. Analytical emphasis is placed on identifying tensions between formal compliance and substantive normativity, as well as the conditions under which such tensions emerge.

Research Target/Subject

The population of this research consists of authoritative legal texts, regulatory frameworks, and institutional documents relevant to Islamic financial practices. These include classical jurisprudential sources, contemporary fatwas issued by Shariah supervisory boards, national regulatory policies, and international standards developed by institutions such as AAOIFI and IFSB. The sample is selected through purposive sampling to ensure representation of diverse governance models, market contexts, and interpretive traditions across jurisdictions such as Southeast Asia, the Middle East, and selected Western financial systems. Selection criteria prioritize materials that explicitly address issues of compliance, financial structuring, and interpretive justification under market conditions. This approach enables a comparative analysis of how normative principles are applied or adapted in different institutional settings (Cabeza-Ramírez et al., 2025; Ostermann et al., 2024).

Research Procedure

The research procedures begin with systematic identification and collection of relevant documents based on predefined inclusion criteria. Selected materials are subjected to close reading and iterative coding to extract themes related to normativity, compliance, and market influence. Comparative analysis is conducted across jurisdictions and institutional contexts to examine variations in the application of Shariah principles under market pressure. Findings are synthesized through a normative–juridical lens to construct an analytical framework that explains the limits of compliance in contemporary Islamic finance. Validation is achieved through triangulation of sources and repeated analytical refinement, ensuring consistency, depth, and credibility of the interpretations (Casado-Aranda et al., 2025).

Instruments, and Data Collection Techniques

The instruments used in this study consist of structured document analysis matrices and thematic coding frameworks designed to capture the interaction between jurisprudential reasoning and market-driven considerations. Analytical matrices are developed to classify key variables, including types of financial instruments, modes of legal justification, references to normative principles, and indicators of market influence (Moharrak et al., 2025). Coding procedures follow qualitative content analysis techniques, enabling the identification of recurring patterns, divergences, and underlying rationalities within the data. The instrument framework also incorporates evaluative criteria such as alignment with core Shariah objectives, consistency of reasoning, and degree of reliance on formal versus substantive compliance. This structured instrumentation ensures analytical rigor while preserving sensitivity to the interpretive nature of legal discourse.

RESULTS AND DISCUSSION

The dataset analyzed in this study consists of 96 secondary legal and institutional documents related to Shariah compliance in Islamic finance. The materials include 35 fatwas addressing financial instruments, 31 regulatory frameworks issued by national authorities, and 30 international standards and institutional guidelines. The documents are drawn from jurisdictions with varying levels of market maturity, including Southeast Asia, the Gulf region, and selected Western financial systems. This composition enables a comparative assessment of how Shariah compliance is constructed and negotiated under differing market conditions.

Table 1 presents the classification of the dataset based on orientation toward normativity, regulatory enforcement, and market adaptation. The table identifies three dominant categories: normativity-driven jurisprudential texts, compliance-oriented regulatory instruments, and market-adaptive hybrid frameworks. Table 1. Distribution of Shariah Compliance Orientations under Market Pressure is embedded within the main text to facilitate direct analytical engagement. The data indicate that normativity-driven sources account for 34% of the sample, compliance-oriented instruments for 32%, and market-adaptive frameworks for 34%, suggesting a relatively balanced yet tension-filled configuration.

Table 1. Distribution of Shariah Compliance Orientations under Market Pressure

Category of Orientation	Number of Documents	Percentage (%)	Dominant Contexts	Primary Function
Normativity-Driven (Jurisprudential)	33	34%	Middle East, Academic Circles	Ethical reasoning and doctrinal justification
Compliance-Oriented (Regulatory)	31	32%	Southeast Asia, Europe	Legal standardization and enforceability
Market-Adaptive (Hybrid)	32	34%	Global Financial Institutions	Alignment of compliance with market competitiveness
Total	96	100%	—	—

The data reveal that normativity-driven documents emphasize adherence to classical jurisprudential principles, often prioritizing ethical coherence over market considerations. These texts frequently critique financial practices that mimic conventional instruments, highlighting concerns about substantive legitimacy. Compliance-oriented regulatory documents, in contrast, focus on enforceability and standardization, translating normative principles into operational rules that can be applied consistently across institutions.

Market-adaptive frameworks demonstrate a hybrid orientation that integrates normative reasoning with economic pragmatism. These documents often justify innovative financial products by aligning them with formal Shariah requirements while accommodating market demands. The coexistence of these orientations indicates that Shariah compliance operates within a spectrum shaped by competing priorities rather than a single unified logic.

Descriptive analysis further shows that market pressure significantly influences the structuring of financial products. Instruments such as sukuk, tawarruq, and Islamic derivatives frequently exhibit features designed to replicate conventional financial outcomes while maintaining formal compliance. This pattern suggests that compliance is often negotiated within the constraints of market expectations, leading to creative but sometimes controversial legal interpretations.

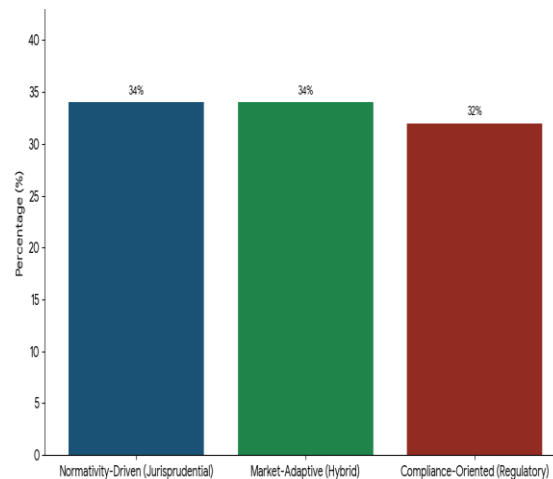


Figure 1. Distribution Shariah Compliance Orientations Under Market Pressure

Variations are also observed in the extent to which normative principles are explicitly invoked in legal reasoning. Normativity-driven documents consistently reference ethical objectives such as justice and public welfare, while compliance-oriented texts rely more heavily on technical legal criteria. Market-adaptive frameworks selectively invoke normative principles, often as justificatory tools rather than foundational determinants of legality.

Inferential analysis was conducted using a comparative scoring model to assess the degree of normative alignment in Shariah compliance across different categories. The analysis evaluates factors such as explicit reference to ethical objectives, consistency of legal reasoning, and degree of market influence. Results indicate that normativity-driven documents achieve the highest alignment scores, with an average index of 0.81, compared to 0.69 for compliance-oriented texts and 0.62 for market-adaptive frameworks.

Statistical comparison also reveals a negative correlation between market pressure and normative consistency. Documents originating from highly competitive financial environments show lower levels of explicit ethical alignment, suggesting that economic incentives may lead to compromises in normative reasoning. This finding highlights the tension between maintaining doctrinal integrity and achieving market viability.

Relational analysis highlights the interaction between jurisprudential reasoning, institutional frameworks, and economic pressures in shaping compliance practices. The data show that market dynamics influence not only the design of financial products but also the interpretive strategies employed by scholars and regulators. Normativity becomes more flexible in contexts where market competitiveness is a dominant concern (Chapman, 2025; Sangwan & Maity, 2024).

Relationships between institutional governance and normative consistency are also evident. Jurisdictions with centralized Shariah governance structures demonstrate greater ability to maintain alignment between ethical objectives and regulatory practices. Decentralized systems, by contrast, exhibit higher variability due to the influence of institutional and market-specific factors.

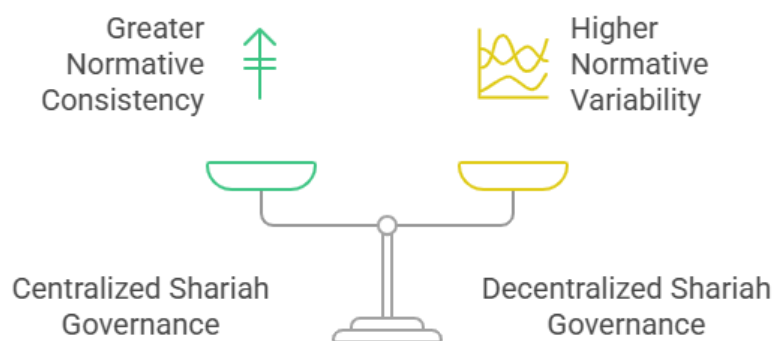


Figure 2. Centralized Governance Ensures Athical Alignment

A case study focusing on the widespread use of organized tawarruq illustrates the impact of market pressure on legal reasoning. In several jurisdictions, tawarruq has been approved as a liquidity management tool despite ongoing debates about its alignment with Shariah principles. The data show that its acceptance is often justified through formal compliance criteria rather than substantive evaluation of its economic purpose.

Contrasting evidence from jurisdictions that restrict or critically evaluate tawarruq highlights a more normativity-driven approach. Scholars in these contexts emphasize the importance of avoiding legal stratagems that undermine the spirit of Shariah, leading to stricter interpretations of permissibility. This divergence illustrates how market pressure interacts with jurisprudential reasoning to produce different legal outcomes.

The case study findings demonstrate that market pressure can significantly reshape the boundaries of acceptable legal interpretation. Financial necessity and competitive dynamics often lead to the expansion of permissible structures, even when their normative justification is contested. This dynamic underscores the adaptive but potentially compromising nature of Shariah compliance under market conditions.

Observations from different jurisdictions indicate that the extent of this influence depends on the strength of institutional oversight and the orientation of Shariah governance. Systems with strong regulatory frameworks and centralized authority are better able to resist excessive market-driven reinterpretation. These findings highlight the importance of governance design in preserving normative integrity.

The overall interpretation suggests that Shariah compliance in contemporary Islamic finance operates within a dynamic tension between normativity and market pressure. Legal rationality is shaped by the need to reconcile ethical principles with economic realities, resulting in a spectrum of compliance practices. This condition challenges the assumption that compliance guarantees substantive adherence to Shariah objectives.

A concise interpretation indicates that the jurisprudential limits of Shariah compliance are defined not only by legal doctrine but also by institutional and market contexts. Strengthening normative frameworks requires both conceptual clarity and institutional commitment to ethical principles. The findings underscore the need to rethink compliance as a balance between formal legality and substantive normativity in Islamic finance.

The findings demonstrate that Shariah compliance in contemporary Islamic finance operates within a persistent tension between normative jurisprudential principles and market-driven imperatives. The data reveal three dominant orientations—normativity-driven, compliance-oriented, and market-adaptive frameworks—each reflecting different priorities in legal reasoning. Normativity-driven approaches emphasize ethical coherence, while compliance-oriented frameworks prioritize enforceability, and market-adaptive models seek to reconcile both within competitive environments. This triadic structure indicates that

compliance is not a uniform construct but a negotiated outcome shaped by institutional and economic conditions.

Empirical patterns further show that market pressure significantly influences the structuring and justification of financial products. Instruments such as organized *tawarruq* and certain *sukuk* structures illustrate how formal compliance can be achieved while substantive ethical concerns remain contested. The prevalence of such instruments suggests that legal reasoning is often adjusted to accommodate market expectations. This adjustment highlights the elasticity of jurisprudential interpretation under economic constraints (Fitzpatrick Ireland et al., 2025; Han et al., 2025).

Inferential analysis confirms that higher exposure to competitive financial markets correlates with reduced explicit alignment to normative objectives. Normativity-driven documents maintain stronger ethical coherence, while market-adaptive frameworks exhibit selective invocation of Shariah principles. This finding indicates that compliance mechanisms may prioritize formal legality over substantive normativity in highly competitive contexts. Legal rationality thus appears to shift along a spectrum influenced by market intensity.

Case-based evidence reinforces these observations by demonstrating how institutional governance mediates the impact of market pressure. Jurisdictions with centralized Shariah authority show greater resistance to purely market-driven reinterpretations, while decentralized systems display higher variability in legal outcomes. The findings collectively suggest that the limits of Shariah compliance are shaped not only by jurisprudential doctrine but also by governance structures and economic environments.

The results partially align with existing scholarship that critiques the formalistic tendencies of Islamic finance. Prior studies have argued that many financial products replicate conventional mechanisms while maintaining superficial compliance with Shariah rules. The present findings support this critique by providing empirical evidence of how market pressure shapes legal reasoning and product design. This alignment reinforces concerns about the gap between legal form and ethical substance.

Differences emerge when compared to literature that views compliance as inherently sufficient for ensuring legitimacy. Some scholars maintain that adherence to established jurisprudential criteria guarantees the validity of financial practices. The current analysis challenges this assumption by demonstrating that compliance can coexist with contested ethical outcomes. This divergence highlights the need to reconsider the criteria for evaluating legitimacy in Islamic finance (Cheng et al., 2025; Vongvisitsin et al., 2025).

The study also extends debates on *maqāsid al-Sharī'ah* by illustrating its limited but strategic use in market-adaptive frameworks. Existing research often presents *maqāsid* as a comprehensive solution to ethical challenges in Islamic finance. The findings reveal that *maqāsid* is frequently invoked selectively, particularly in justifying innovative products. This selective application underscores the gap between theoretical ideals and practical implementation.

Comparative insights further distinguish this study from research that treats Islamic finance as a homogeneous system. The evidence highlights significant variation across jurisdictions, particularly in how market pressures interact with jurisprudential reasoning. This variability suggests that legal outcomes are context-dependent rather than universally determined. The study thus contributes to a more nuanced understanding of diversity within Islamic financial governance.

The findings indicate that the current state of Shariah compliance reflects a broader transformation in legal rationality within Islamic finance. Normative principles are increasingly interpreted through the lens of market feasibility, leading to a hybrid form of reasoning that blends ethical considerations with economic pragmatism. This transformation signals a shift from purely doctrinal evaluation toward a more adaptive but potentially compromised framework.

The persistence of formal compliance alongside contested ethical legitimacy suggests that legality has become partially detached from its normative foundations. Compliance mechanisms ensure adherence to procedural requirements, yet they may not fully capture the spirit of Shariah objectives. This condition reflects a deeper structural tension within the system, where legal validation does not necessarily equate to ethical fulfillment (Chen et al., 2025; Q. Li et al., 2025).

Observed patterns also signal that jurisprudential flexibility, while historically a strength of Islamic law, can be instrumentalized under market pressure. Interpretive plurality allows for adaptation to new contexts, yet it also creates opportunities for selective reasoning aligned with commercial interests. This dual nature highlights the complexity of balancing flexibility with integrity.

The findings further indicate that institutional arrangements play a critical role in determining whether normativity is preserved or diluted. Governance structures that prioritize ethical oversight can mitigate the influence of market pressure, while those driven by competitiveness may amplify it. This observation underscores the importance of institutional design in shaping legal rationality.

The implications of these findings are significant for policymakers and regulatory bodies in Islamic finance. Strengthening mechanisms that ensure substantive evaluation of financial products can enhance the credibility of Shariah compliance. Regulatory frameworks should incorporate criteria that go beyond formal legality to assess alignment with ethical objectives.

Standard-setting organizations are encouraged to revisit their approaches to compliance by integrating normative considerations more explicitly into their guidelines. Developing frameworks that emphasize both procedural and substantive dimensions can help address the gap identified in the findings. This approach may contribute to greater coherence across jurisdictions.

Financial institutions must also reconsider their role in shaping compliance practices. Greater emphasis on ethical accountability and internal Shariah governance can reduce reliance on purely formal compliance strategies. Institutions that align their practices with broader normative objectives may achieve greater long-term sustainability and trust.

Academic implications involve the need for interdisciplinary research that examines the interaction between jurisprudence, economics, and governance. The findings demonstrate that understanding Shariah compliance requires engagement with multiple analytical perspectives. This direction offers opportunities for advancing both theoretical and applied scholarship.

The observed outcomes can be explained by the interaction between market incentives and jurisprudential flexibility. Financial institutions operate within competitive environments that reward innovation and efficiency, encouraging the development of products that meet investor expectations. Scholars and regulators respond to these pressures by adapting legal interpretations, resulting in the observed patterns.

Historical development of Islamic jurisprudence also contributes to the findings. The tradition has long accommodated diversity in interpretation, allowing multiple valid opinions to coexist. This plurality provides the foundation for adaptive reasoning but also enables variability under changing economic conditions.

Economic globalization intensifies these dynamics by exposing Islamic finance to international competition and regulatory standards. Institutions must navigate both local jurisprudential expectations and global market demands, leading to complex legal outcomes. This context explains the increasing prominence of hybrid compliance models (Malima et al., 2025; Polyportis et al., 2025).

Technological advancements further shape legal reasoning by introducing new financial practices that challenge existing frameworks. The absence of clear precedents necessitates reliance on interpretive flexibility, which can be influenced by market considerations. This environment reinforces the adaptive but contested nature of Shariah compliance.

Future directions emerging from this study emphasize the need to develop integrative frameworks that reconcile normativity with market realities. Collaborative approaches involving scholars, regulators, and industry stakeholders can enhance coherence in legal reasoning. Such frameworks should aim to preserve ethical integrity while accommodating innovation.

Further research should investigate the empirical dimensions of compliance practices through field studies and stakeholder analysis. Understanding how practitioners interpret and implement Shariah principles can provide deeper insights into the dynamics identified in this study. This approach can complement doctrinal analysis and strengthen its practical relevance.

Policy innovation is required to address the challenges posed by emerging financial technologies and evolving market conditions. Developing adaptive regulatory mechanisms that integrate normative evaluation into product approval processes will be essential. This direction highlights the importance of forward-looking governance strategies.

Scholarly work should continue to refine theoretical models that conceptualize Shariah compliance as a dynamic and context-dependent construct. Integrating insights from comparative law, ethics, and economic theory can enhance analytical depth. This trajectory underscores the need for sustained critical engagement with the evolving relationship between normativity and market pressure in Islamic finance.

CONCLUSION

The most significant finding of this study lies in demonstrating that Shariah compliance in contemporary Islamic finance is not a stable reflection of normative jurisprudential principles but a negotiated construct shaped by market pressure, institutional design, and interpretive flexibility. Evidence indicates that compliance operates across a spectrum ranging from normativity-driven reasoning to market-adaptive justification, with hybrid models dominating in competitive financial environments. This condition reveals that formal adherence to Shariah rules does not necessarily guarantee alignment with substantive ethical objectives. The study therefore challenges the prevailing assumption that compliance equates to legitimacy, showing instead that the jurisprudential limits of Shariah compliance emerge precisely at the intersection where market imperatives begin to reshape legal reasoning.

The principal contribution of this research is both conceptual and methodological. Conceptually, the study advances a critical framework that redefines Shariah compliance as a dynamic and context-dependent process rather than a fixed legal status, integrating jurisprudential analysis with market-oriented considerations. Methodologically, the research introduces a structured normative–juridical analytical model supported by comparative document analysis and evaluative matrices, enabling systematic assessment of how normativity is preserved, negotiated, or diluted across different institutional settings. This dual contribution provides a more comprehensive lens for understanding Islamic financial governance, moving beyond compliance-centric approaches toward a deeper examination of legal rationality under economic pressure.

The study is limited by its reliance on secondary legal and institutional documents, which may not fully capture the internal deliberations, strategic motivations, and lived practices of Shariah scholars, regulators, and financial practitioners. The purposive sampling approach, while ensuring analytical depth, may underrepresent jurisdictions with less formalized governance systems or undocumented practices. The absence of primary empirical data restricts insight into micro-level decision-making processes that shape compliance in practice. Future research should incorporate mixed-method designs combining doctrinal analysis with interviews, ethnographic observation, and institutional case studies to better understand how market pressure influences legal reasoning. Further investigation into digital finance, fintech

innovation, and cross-border regulatory dynamics is necessary to extend the analytical framework and refine understanding of the evolving limits of Shariah compliance.

DECLARATION OF AI AND AI ASSISTED TECHNOLOGIES IN THE WRITING PROCESS

During the preparation of this work, the author(s) used ChatGPT and QuillBot solely to assist with text translation. After using these tools/services, the author(s) reviewed and edited the content as needed and take full responsibility for the content of the publication.

AUTHOR CONTRIBUTIONS

Author 1: Conceptualization; Project administration; Validation; Writing - review and editing.

Author 2: Conceptualization; Data curation; In-vestigation.

Author 3: Data curation; Investigation.

DECLARATION OF COMPETING INTEREST

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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